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12 **UNITED STATES BANKRUPTCY COURT**
13
14 **CENTRAL DISTRICT OF CALIFORNIA**
15
16 **LOS ANGELES DIVISION**
17

18 In re:

19 CRESTLLOYD, LLC,

20 Debtor and Debtor in Possession.

Case No.: 2:21-bk-18205-DS

Chapter 11 Case

**NOTICE OF APPLICATION OF DEBTOR AND
DEBTOR IN POSSESSION TO:
(1) EMPLOY THE BEVERLY HILLS ESTATES
AND COMPASS AS REAL ESTATE BROKERS
PURSUANT TO 11 U.S.C § 327(a), WITH
COMPENSATION DETERMINED PURSUANT
TO 11 U.S.C. § 328,
(2) EMPLOY CONCIERGE AUCTIONS, LLC
AS AUCTIONEER PURSUANT TO 11 U.S.C §
327(a), WITH COMPENSATION DETERMINED
PURSUANT TO 11 U.S.C. § 328, AND
(3) APPROVE THE PAYMENT OF
COMPENSATION TO REAL ESTATE
BROKERS AND AUCTIONEER FROM
ESCROW UPON CLOSING**

[No hearing required unless requested per L.B.R.
2014-1(b)]

1 **PLEASE TAKE NOTICE** that Crestlloyd, LLC, the debtor and debtor in possession
2 herein (the “Debtor”), has submitted an application (the “Application”) for the entry of an order
3 authorizing the Debtor to:

4 (1) employ The Beverly Hills Estates (“TBHE”), with Branden Williams and Rayni
5 Williams as lead agents, and Compass (“Compass” and, with TBHE the “Brokers”), with Aaron
6 Kirman as lead agent, as real estate brokers pursuant to 11 U.S.C § 327(a), with compensation
7 determined pursuant to 11 U.S.C. § 328, pursuant to the terms of the Residential Listing
8 Agreement (the “Listing Agreement”) between the Debtor and the Brokers, which is attached to
9 the Application as **Exhibit “1;”**

10 (2) employ Concierge Auctions, LLC (“Concierge” or the “Auctioneer”) as auctioneer
11 pursuant to 11 U.S.C § 327(a), with compensation determined pursuant to 11 U.S.C. § 328,
12 pursuant to the terms of the Auction Agreement (the “Auction Agreement”) between the Debtor
13 and the Auctioneer, which is attached to the Application as **Exhibit “2;”** and

14 (3) approve the payment of compensation to the Brokers and the Auctioneer from escrow
15 upon closing.

16 **PLEASE TAKE FURTHER NOTICE** that, as further discussed in the Application, the
17 Debtor’s primary asset is a piece of residential real property that it developed, which is located at
18 944 Airole Way, Los Angeles, CA 90077 (the “Property”), which is approximately 105,000 square
19 feet and has 20 bedrooms, 30 bathrooms, a spa, a 4-lane bowling alley, and numerous pools and
20 other water features. The Debtor believes that the Property has a value of approximately \$325
21 million.

22 Prior to the filing of the Debtor’s Chapter 11 case on October 26, 2021 (the “Petition
23 Date”), the Debtor’s primary secured lender, Hankey Capital, LLC (“Hankey”) initiated a
24 foreclosure action against the Debtor, obtained the appointment of a receiver over the Property (the
25 “Receiver”), and had a non-judicial foreclosure sale set for October 27, 2021. In addition, also prior
26 to the Petition Date, a number of other junior secured lenders and mechanic’s lien holders initiated a
27 multitude of state court actions against the Debtor seeking, among other things, to recover amounts
28 allegedly owed and to foreclose on the Property.

Based on the foregoing and other considerations, on the Petition Date of October 26, 2021, the Debtor filed for bankruptcy protection to protect its substantial equity in the Property and to address myriad claims and litigation against the Debtor.

PLEASE TAKE FURTHER NOTICE that the Debtor intends to sell the Property as soon as practicable for the highest price possible under the circumstances. Importantly, the Debtor is informed and believes that Hankey and other large stakeholders support such a sale of the Property in the context of the Debtor's bankruptcy case. Indeed, the Debtor and Hankey reached a deal regarding a \$12 million debtor in possession loan to be provided by Hankey to pay for budgeted items, which will further the Debtor's efforts to effectuate a sale of the Property as soon as possible. The foregoing loan was approved on an interim basis by the Court on December 10, 2021. The Debtor believes that a near-term sale of the Property will generate sufficient funds to pay all allowed claims in full, which will allow the Debtor to exit bankruptcy, either pursuant to a plan or an alternative exit strategy, with a surplus for the Debtor's owner.

In furtherance of the foregoing, the Debtor requires the services of the Brokers and the Auctioneer to market and sell the Property. Therefore, pursuant to the Application, the Debtor is seeking to employ the Brokers and the Auctioneer to render, among others, the following types of professional services, as applicable:

- (1) marketing and showing the Property to prospective buyers;
- (2) assisting the Debtor in obtaining and providing due diligence materials to prospective buyers;
- (3) notifying prospective buyers of the intended online auction (the "Auction") of the Property and bid procedures approved by the Court (the "BK Bid Procedures") governing the Auction;¹
- (4) receiving bids from prospective buyers;
- (5) conducting an online Auction of the Property pursuant to BK Bid Procedures approved by the Court with the ultimate sale subject to Court approval;

¹ The Debtor will file a separate motion seeking approval of BK Bid Procedures and is *not* seeking the approval thereof pursuant to the Application.

(6) consulting with the Debtor and its professionals and advisors regarding the foregoing; and

(7) performing any other services which may be appropriate in connection with the Brokers and Auctioneer's retention by the Debtor.

PLEASE TAKE FURTHER NOTICE that the material terms of the Listing Agreement between the Debtor and the Brokers are summarized as follows:²

(1) Listing Period: One year, provided that the Debtor may, in its sole discretion and business judgment and without further Court order, modify the Listing Agreement by extending the term of the Listing Agreement.

(2) Listing Price: \$295 million, provided that (a) the Debtor may, in its sole discretion and business judgment and without further Court order, modify the Listing Agreement by reducing the listing price and (b) the Property will likely be sold pursuant an Auction conducted by the Auctioneer.

(3) Commission to Brokers:

- a. 1% of sale price up to \$175 million (plus 1% payable to any buyer broker);
- b. 1.5% of sale price over \$175 million and up to \$200 million (plus 1% payable to any buyer broker); and
- c. 2.0% of sale price over \$200 million (plus 1% payable to any buyer broker).

(4) Commission Tail Period: 180 days.

(5) Other Terms:

a. Rayni Williams and Branden Williams, who previously served as agents for the sale of the Property pursuant to a pre-petition listing agreement, waive all pre-petition claims against the Debtor, including, but not limited to, any amounts owed under that certain Promissory Note Secured by Personal Guaranty in the principal amount of \$400,000 executed in favor of Branden Williams for expenses advanced for marketing the Property under the pre-

² This is a summary only. To the extent there is any discrepancy between this summary and the actual terms of the Listing Agreement, the terms of the Listing Agreement shall govern in all respects.

petition listing agreement;

b. Compass and Aaron Kirman, who previously served as broker/agent for the sale of the Property pursuant to a pre-petition listing agreement, waive all pre-petition claims against the Debtor (to be completed by an addendum to the Listing Agreement if not already done);

c. Any and all prior listing agreements are cancelled with the Listing Agreement between the Debtor and the Brokers superseding all previous listing agreements;

d. The Brokers acknowledge and understand that (i) the sale of the Property is subject to bidding at Auction in accordance with BK Bid Procedures to be approved by the Court, (ii) any sale of the Property is subject to Court approval after notice to the United States Trustee, all creditors, and all parties in interest as required by the Bankruptcy Code, Federal Rules of Bankruptcy Procedure, and Local Bankruptcy Rules, (iii) the Property is being sold “AS-IS WITH ALL FAULTS” without any representations and warranties, (iv) the commission to be paid to the Brokers shall only be paid from the proceeds of the sale of the Property, (v) the payment of the commission to the Brokers is subject to prior approval of the Court, (vi) if, without Brokers’ prior written consent, the Property is withdrawn from sale by a voluntary act of the Debtor during the listing period or any extension thereof, the Debtor shall pay the Brokers a fee of \$875,000, and (vii) the Court shall have exclusive jurisdiction to resolve any and all disputes relating to the Listing Agreement.

PLEASE TAKE FURTHER NOTICE that the material terms of the Auction Agreement between the Debtor and the Auctioneer are summarized as follows:³

(1) Auction Date: Commence February 7, 2022 and conclude February 10, 2022.

(2) Reserve Price: None.

(3) Auction/Bidding Procedures: The Debtor is to seek Court approval of BK Bid Procedures consistent with the Auction Agreement and as set forth in the Bidder Terms and Conditions attached thereto, and the Auctioneer shall conduct an Auction of the Property

³ This is a summary only. To the extent there is any discrepancy between this summary and the actual terms of the Auction Agreement, the terms of the Auction Agreement shall govern in all respects.

consistent with such Court-approved BK Bid Procedures, which shall require, *inter alia*, that (a) prospective bidders shall make a pre-Auction deposit with an escrow agent (the “Escrow Agent”) in the amount of \$250,000 to serve as protection for the Debtor and the Auctioneer (the “Bidder’s Deposit”) and provide proof of funds, (b) any buyer (the “Buyer”) shall pay a fee (the “Buyer’s Premium”) equal to 12% of the bidder’s purchase price (of which a significant portion will be rebated to the Debtor as described below), which Buyer’s Premium shall (i) be separate from the Purchase Price for the Property to be paid to the Debtor and is an obligation of the Buyer to the Auctioneer and (ii) be paid to the Auctioneer as its fee for conducting the Auction and providing related services to the Debtor, and (c) within two (2) business days of the close of the Auction for the successful bidder Buyer and within three (3) business days of any back-up bidder being declared the Buyer if the initial successful bidder defaults, the successful bidder Buyer or back-up bidder Buyer, as applicable, shall deposit with the Escrow Agent any additional amounts required to equal 12% of the Buyer’s purchase price (with such total increased deposit from the successful bidder Buyer, the “Deposit,” and from any back-up bidder Buyer, the “Back-Up Deposit”) and 12% of the Buyer’s purchase price as the Buyer’s Premium.

(4) Buyer’s Premium to the Auctioneer: The Buyer’s Premium paid to the Auctioneer will be paid by the Buyer and not the estate. Thus, the Buyer’s Premium paid to the Auctioneer will not reduce the net recovery to the estate on a sale of the Property. To the contrary, in the event of a sale at Auction, the Auctioneer will rebate to the Debtor a portion of any Buyer’s Premium paid to it by the Buyer (the “Rebate”), which will increase the net recovery to the estate on a sale of the Property. More specifically, in the event of a sale at Auction, the Auctioneer shall be paid a Buyer’s Premium equal to 12% of the purchase price for the Property, provided, however, that (a) if the purchase price is equal to or less than \$225,000,000.00, the Rebate will be an amount equal to nine and one half of one percent (9.5%) of the Buyer’s Premium that the Auctioneer actually collects, (b) if the purchase price is greater than \$225,000,000.00 but less than \$275,000,000.00, the Rebate will be an amount equal to nine percent (9.0%) of the Buyer’s Premium that the Auctioneer actually collects, and (c) if the purchase price is equal to or greater than \$275,000,000.00, the Rebate will be an amount equal to eight and one half of one percent

1 (8.5%) of the Buyer's Premium that the Auctioneer actually collects.

2 In the event that the Property is not sold at Auction, fails to close due to a default
3 by either Buyer or Owner, the Auction is cancelled by Owner, or this the Auction Agreement is
4 otherwise terminated other than by the Auctioneer and without a material breach by the Debtor,
5 and the Property is contracted to be sold or otherwise transferred by Owner during (i) the 60-day
6 period after the expiration or termination of the Auction Agreement to anyone or (ii) the 120-day
7 period after the expiration or termination of the Auction Agreement to a prospective or registered
8 bidder identified to the Debtor by the Auctioneer in writing within ten business days after the
9 expiration or earlier termination of the Auction Agreement (or to an entity controlled by such
10 person), the Debtor will be obligated to pay the Auctioneer a fee equal to two percent (2%) of the
11 accepted purchase price of the Property at closing.

12 If the Auction is conducted and the winning Buyer defaults, then, except as described
13 below in the case of a back-up bidder, the Debtor and the Auctioneer shall split 50/50 any deposit
14 made by the Buyer in connection with the sale of the Property (or any other amounts collected
15 from the Buyer) (collectively the "Deposit Amount"). In the event that a back-up bidder is
16 selected and closes a purchase of the Property, the Debtor shall be entitled to be paid and retain
17 the entire Deposit Amount.

18 (5) Other Terms: The Auctioneer acknowledges and understands that (a) the sale of
19 the Property is subject to bidding at Auction in accordance with BK Bid Procedures to be
20 approved by the Court (as set forth in the Auction Terms and Conditions attached to the Auction
21 Agreement), (b) any sale of the Property is subject to Court approval after notice to the United
22 States Trustee, all creditors, and all parties in interest as required by the Bankruptcy Code,
23 Federal Rules of Bankruptcy Procedure, and Local Bankruptcy Rules, (c) the Property is being
24 sold "AS-IS WITH ALL FAULTS" without any representations and warranties; provided,
25 however that Debtor shall deliver good and marketable title, (d) the fee to be paid to the
26 Auctioneer shall only be paid by the Buyer of the Property, (e) the payment of the Buyer's
27 Premiums to the Auctioneer is subject to prior approval of the Court as set forth in this
28 application, and (vi) the Court shall have exclusive jurisdiction to resolve any and all disputes

relating to the Auction Agreement.

PLEASE TAKE FURTHER NOTICE that the Application is based upon this Notice of Application, the Application, the declarations submitted in support of the Application, the entire record of this case, and any other evidence properly presented to the Court in support of the Application.

PLEASE TAKE FURTHER NOTICE that any request for a copy of the Application must be made in writing to counsel for the Debtor as follows: Levene, Neale, Bender, Yoo & Golubchik L.L.P., Attention: Todd M. Arnold, Esq., 2818 La Cienega Avenue, Los Angeles, California 90034. Email: tma@lnbyg.com. Fax: 310-229-1244.

PLEASE TAKE FURTHER NOTICE that, pursuant to Local Bankruptcy Rule 2014-1(b)(3)(E), any response to the Application or request for a hearing on the Application must be made in writing and in the form required by Local Bankruptcy Rule 9013-1(f)(1) within fourteen (14) days of the service of this Notice, and be filed with the Clerk of the United States Bankruptcy Court and served upon the United States Trustee as well as counsel for the Debtor as follows: Levene, Neale, Bender, Yoo & Golubchik L.L.P., Attention: Todd M. Arnold, Esq., 2818 La Cienega Avenue, Los Angeles, California 90034.

PLEASE TAKE FURTHER NOTICE that failure to file and serve a timely response to the Application or request for a hearing on the Application may be deemed by the Court to be consent to the granting of the relief requested in the Application.

Dated: December 13, 2021

CRESTLLOYD, LLC

/s/ Todd M. Arnold

DAVID B. GOLUBCHIK

TODD M. ARNOLD

LEVENE, NEALE, BENDER, YOO

& GOLUBCHIK L.L.P.

Attorneys for Debtor and Debtor in Possession

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 10250 Constellation Boulevard, Suite 1700, Los Angeles, CA 90067.

A true and correct copy of the foregoing document entitled **NOTICE OF APPLICATION OF DEBTOR AND DEBTOR IN POSSESSION TO: (1) EMPLOY THE BEVERLY HILLS ESTATES AND COMPASS AS REAL ESTATE BROKERS PURSUANT TO 11 U.S.C § 327(a), WITH COMPENSATION DETERMINED PURSUANT TO 11 U.S.C. § 328, (2) EMPLOY CONCIERGE AUCTIONS, LLC AS AUCTIONEER PURSUANT TO 11 U.S.C § 327(a), WITH COMPENSATION DETERMINED PURSUANT TO 11 U.S.C. § 328, AND (3) APPROVE THE PAYMENT OF COMPENSATION TO REAL ESTATE BROKERS AND AUCTIONEER FROM ESCROW UPON CLOSING** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **December 14, 2021**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Kyra E Andrassy kandrassy@swelawfirm.com, lgarrett@swelawfirm.com;gcruz@swelawfirm.com;jchung@swelawfirm.com
- Todd M Arnold tma@lnbyg.com
- Jerrold L Bregman jlbregman@bg.law, ecf@bg.law
- Marguerite Lee DeVoll mdevoll@watttieder.com
- Thomas M Geher tmg@jmbm.com, bt@jmbm.com;fc3@jmbm.com;tmg@ecf.inforuptcy.com
- David B Golubchik dbg@lnbyg.com, stephanie@lnbyb.com
- James Andrew Hinds jhinds@hindslawgroup.com;mduran@hindslawgroup.com, mduran@hindslawgroup.com
- Robert B Kaplan rbk@jmbm.com
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- Lindsey L Smith lls@lnbyb.com, lls@ecf.inforuptcy.com
- United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov
- Jessica Wellington jwellington@bg.law, ecf@bg.law

2. SERVED BY UNITED STATES MAIL: On **December 14, 2021**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **December 14, 2021**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

December 14, 2021

Lourdes Cruz

/s/ Lourdes Cruz

Date

Type Name

Signature

In re Crestlloyd, LLC
D UST Receiver RSN + Amended 20
Largest
File No.: 9562

Debtor
Crestlloyd, LLC
c/o SierraConstellation Partners LLC
355 S. Grand Avenue Suite 1450
Los Angeles, CA 90071

Noreen A Madoyan
Office of the United States Trustee
915 Wilshire Blvd., Suite 1850
Los Angeles, CA 90017

Counsel For Receiver
Brutzkus Gubner Rozansky Seror
Weber LLP
David Seror/Jessica Wellington
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Woodland Hills, CA 91367

Biabani & Associates, Inc.
Attn: Alex Biabani
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Los Angeles, CA 90025

Bradford Sheet Metal
4164 Sopp Road
Mojave, CA 93501

Branden Williams
257 N. Cannon Dr., 2nd Fl.
Beverly Hills, CA 90210

C.G.S. Custom Glass Specialists
Attn: Tom Yang
4536 Ish Drive
Simi Valley, CA 93063

CAD Stone Works Inc.
Attn: Cesar Hernandez
4533 Van Nuys Bl. #201
Sherman Oaks, CA 91403

Centurion Air, LLC
Attn: Michael T. Pyle
13932 Arrow Creek Road
Draper, UT 84020

Davidson Accountancy Corp.
William N. Davidson, CPA
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Sherman Oaks, CA 91423

Creative Art Partners
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Los Angeles, CA 90048

Italian Luxury Design
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Miami, FL 33137

Jabs Pools and Spas, LLC
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8055 Matilija Ave.
Panorma City, CA 91402

Dennis Palma
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Monterey, CA 93940

KN Coating
201 E. Tamarack Ave
Inglewood, CA 90301

LA DWP
P.O. Box. 30808
Los Angeles, CA 90030

Vesta (aka Showroom Interiors, LLC)
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Pico Rivera, CA 90660

Made by TSI, Inc.
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Miami, FL 33132

Midland Contractors, Inc.
Attn: Bruce Partovi
Po Box 8312
Van Nuys, CA 91409

West Valley Green Landscaping, Inc.
14761 Tupper St.
Panorama City, CA 91402

The Vertex Companies, Inc.
12100 Wilshire Blvd 8th floor
Los Angeles CA 90025-0000

West Coast Gates
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Inglewood, CA 90301